

**BOARD LETTER – SUMMARY SHEET
HEALTH AND MENTAL HEALTH SERVICES CLUSTER**

AGENDA REVIEW	3/30/16
BOARD MEETING	4/12/16
SUPERVISORIAL DISTRICT	All
DEPARTMENT	Department of Mental Health (DMH)
SUBJECT	APPROVAL TO EXTEND THE TERM OF 75 DEPARTMENT OF MENTAL HEALTH PHARMACY AGREEMENTS FOR FISCAL YEAR 2016-17
PROGRAM	Office of the Medical Director
DEADLINES	June 30, 2016
COST & FUNDING	The total estimated cost of these 75 pharmacy agreement extensions for FY 2016-17 is \$7,596,00 funded by 2011 Realignment and State MHSA revenue, and is included in the Department's FY 2016-17 CEO Recommended Budget. There is no increase in net County cost associated with the above recommendations
PURPOSE OF REQUEST	Board approval of the recommended actions will extend the term of pharmacy agreements expiring on June 30, 2016, on a month-to-month basis for up to 12 months, in order to continue dispensing medication to clients from contractors' own stock supply. Furthermore, Board approval will allow the Department to amend agreements as the need arises. The renewal term is necessary so that DMH may continue to dispense medication to clients without interruption until DMH concludes a Request for Proposal (RFP) solicitation bid process for a Pharmacy Benefit Manager (PBM) agreement. It is anticipated the PBM RFP process will conclude in FY 2016-17, at which time the PBM company will assume responsibility for administration of DMH's prescription drug program.
SUMMARY/ ISSUES (Briefly summarize program and potential issues or concerns. Identify changes, if any, to level of funding or staffing; how funding will be utilized and why best use; prior accomplishments; and for BLs involving contracts, also note changes to the contract term.)	The extension of the 75 pharmacy agreements is a critical component in the delivery of mental health services, as prescribed medications play a vital role in the treatment of mental health clients. Psychiatrists in contracted and directly operated mental health programs write prescriptions that are filled by local pharmacies. Clinical and administrative staff of DMH will continue to administer and monitor contractors' adherence to the agreements to ensure quality services are provided to clients. As mandated by your Board, DMH evaluates the performance of all contractors on an annual basis to ensure contractors are in compliance with all contract terms and performance standards. Contract negotiations with the new PBM will conclude in May 2016. Full implementation of the PBM Agreement is expected to occur following Board Approval and contract execution with the PBM in the spring of 2016. Subsequently, the PBM will assume responsibility for administration of DMH's prescription drug program. It is anticipated that the PBM will be fully implemented no later than October, 2016. The term extension amendment may extend the pharmacy agreements through June 30, 2017.
DEPT. & COUNTY COUNSEL CONTACTS	DMH: Rod Shaner, M.D, Medical Director, rshaner@dmh.lacounty.gov (213) 738-4603 County Counsel: Lillian Russell, lrussell@counsel.lacounty.gov (213) 974-1925